



**Certified Multichannel Retail  
Professional  
VS-1041**

**V-Skills Certifications**

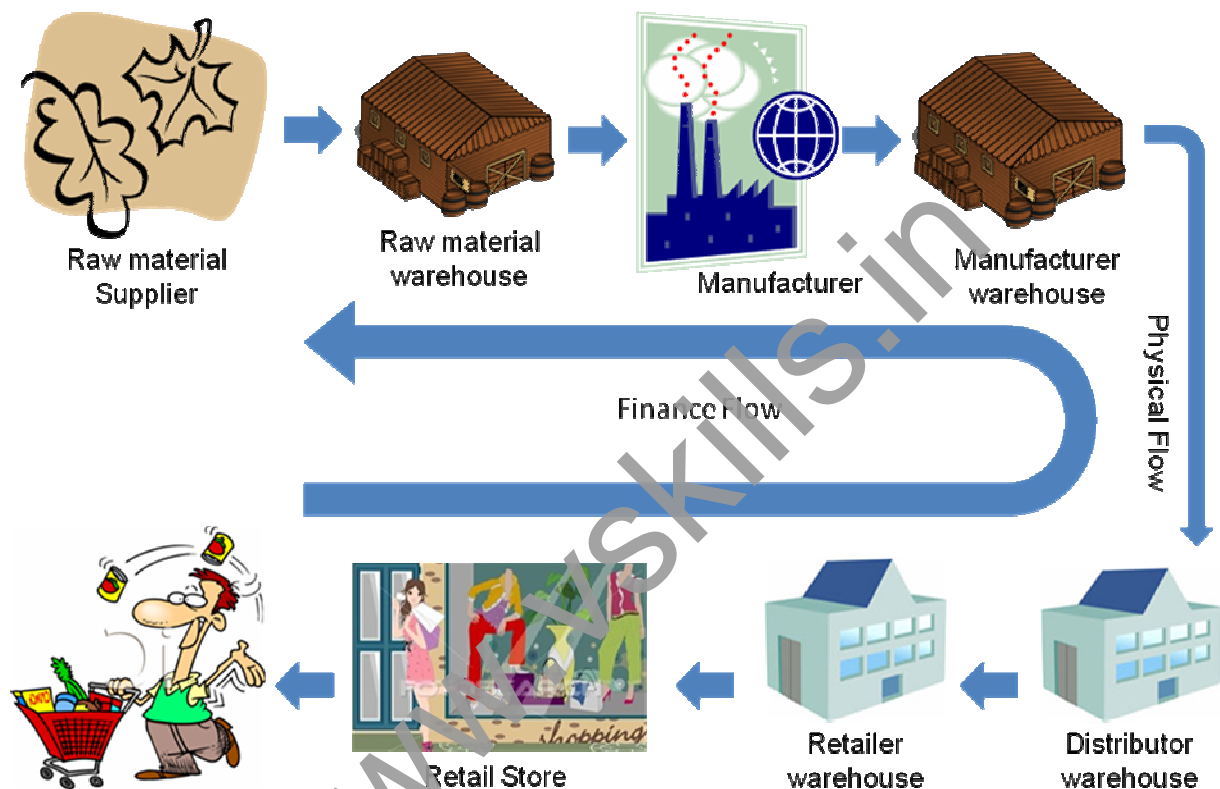
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**V-Skills**



## 1. WHAT IS RETAIL?

All products or services are produced by manufacturers for selling to final consumers for satisfying their needs. This basic principle is the main driver for any business operation. However there are usually very few manufacturers of any product or services as compared to the consumers. And both the manufacturers and consumers are scattered across different regions and socio-economic classes. Therefore, all products/services pass through different players before they reach the final customer. A typical chain of such players can be as following.



The barter system was the first known retail form; then the currency changed hands; we had the hand cart vendor selling goods in the streets; of late we have the pop and mom stores which compliment the neighborhood stores.

Retailing consists of all business activities that involve selling goods & services to the customer for their personal, family or household use, without any resale intention. It includes every sale to the end-user, ranging from cars to clothes, meals at restaurants to movie tickets. A retailer purchases goods or products in large quantities directly from manufacturers or through a wholesaler and then sells smaller quantities to the consumer for a profit.

Retailing does not have to be carried out necessarily at a store. Services like stay in hotel, a doctor's consulting, haircut, a videotape rental, car rental, airline travel, etc. where service becomes a shopper's primary offering, also fall under the purview of retail. Web transactions &

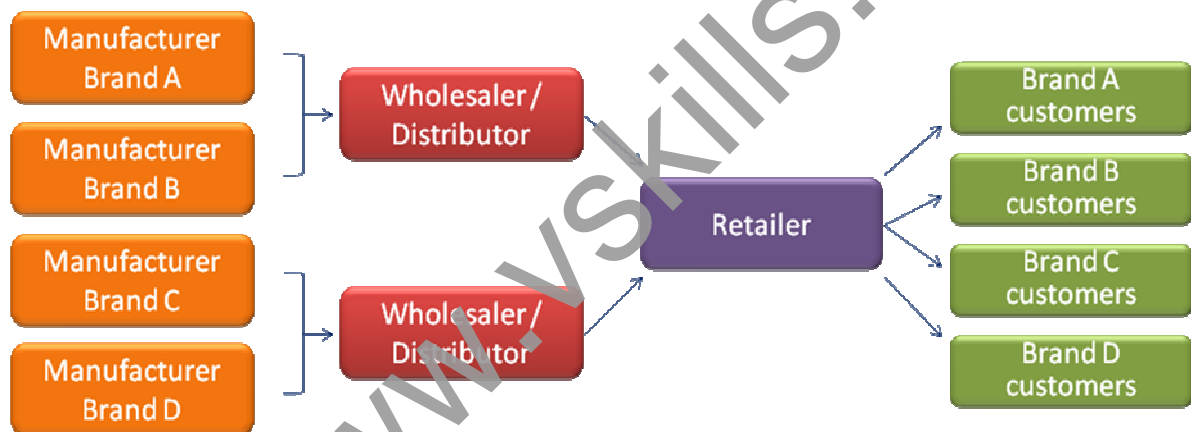
vending machines also come under the scope of retail. Manufacturers, importers & wholesalers can also act as retailers if they directly sell the goods or services to the final consumer. However, purchases made by them for their own use inside the organization or for further resale are not part of retailing.

### 1.1. Functions Performed by a Retailer

In a distribution channel retailers play a key role as the link between manufacturers, wholesalers or distributors & the final consumers. Retailers perform various business functions with a motive of adding value to the products & services for the customers.

Providing a large assortment of products & services.

Manufacturers make various types of products or sometimes only certain specific products & sell their entire inventory to few distributors or wholesalers. But the final consumer wants to choose from a variety of goods & services, even if he purchases a limited quantity. Thus a retailers role here becomes very crucial, as he procures a varied assortment of goods & services in large quantities from various sources & offers them in small quantities to the end users. This is called the sorting process.



*The Sorting Process*

To reduce transportation cost, manufacturers & wholesalers ship big volumes of merchandise to retailers. Retailers then offer the products in smaller quantities tailored to individual customer's needs and as per household consumption patterns. This is called **Breaking the Bulk**.

**Holding Inventory** - Retailers keep a huge amount of inventory so that products will be available to the consumers whenever they want them. This enables consumers to maintain a low level of inventory. In other words, retailers store products on behalf of the customers and which reduces the storing cost of the customers.

Apart from that retailers **provide various services to customers** as well as to the manufacturers & traders. Displaying products, providing information about the offerings, gift-wrapping & home delivery are some of the customer services provided by most of the retailers. Manufacturers, distributors & wholesalers get informed about forecasts, customer

preferences, brand image, etc. by the feedback from retailers. For small traders, retailers assist in storing, marketing & advertising their products.

## **1.2. Retail Overview: India & Worldwide**

Retail has played a major role world over in increasing productivity across a wide range of consumer goods and services. The impact can be best seen in countries like U.S.A., U.K. Mexico, Thailand and more recently China. Economies of countries like Singapore, Malaysia, Hong Kong and Dubai are also heavily assisted by the retail sector. In 1990, there was not a single retailer in the fortune 500 companies, now there are over 50 and Wal-Mart is the largest of all companies. Wal-Mart has more than 100 million customers visiting every week at about 5000 outlets.

## **1.3. Top 5 retailers of the world**

- ✓ Wal-mart (US)
- ✓ Carrefour (France)
- ✓ Tesco (UK)
- ✓ Metro (Germany)
- ✓ The Kroger Co. (US)

## **1.4. Top 5 retailers of India**

### **Pantaloon Retail / Future Group**

- ✓ Big bazaar, Food Bazaar - Food & grocery
- ✓ Hometown, Furniture Bazaar, Collection-i - Home solutions
- ✓ e-Zone - Consumer electronics
- ✓ Shoe Factory - Foot wear
- ✓ Depot - Books, music & gifts
- ✓ Star, Sitara & Health village (s.i.p.) - Health & Beauty care services
- ✓ Futurbazaar.com - e-retailer
- ✓ Bowling co. - Entertainment

### **K Raheja Group**

- ✓ Shopper's Stop
- ✓ HomeStop - the exclusive home furnishings
- ✓ Décor as well as furniture store
- ✓ HyperCity- a premium shopping destination for foods, homeware, home entertainment, Hi-Tech appliances, furniture, sports, toys & fashion
- ✓ Other format of the company includes - Crossword, Book Store, Mothercare & Early Learning Centre (ELC), Estee Lauder group, Airport Retailing, TimeZone Entertainment

### **Tata Group**

- ✓ Westside, a lifestyle retail chain
- ✓ Star India Bazaar - a hypermarket

- ✓ Landmark, India's largest book and music retailer
- ✓ Croma, a consumer electronics chain
- ✓ Titan Industries
- ✓ Tanishq, the jewellery brand

### RPG Group

- ✓ Foodworld stores, food & grocery retail
- ✓ Spencer's Hyper, Super, Daily and Express formats
- ✓ Music World stores

### Landmark Group

- ✓ Home Centre
- ✓ Centrepoint
- ✓ Babyshop
- ✓ Splash
- ✓ Shoe Mart
- ✓ Lifestyle
- ✓ Max
- ✓ Lifestyle Department Stores
- ✓ SPAR hypermarkets
- ✓ Foodmart
- ✓ Fitness First
- ✓ Citymax India

The Indian Retail Market is worth a whopping 10,00,000 crores. Of the total Retail Market, major contribution of more than 95% comes from the unorganized sector. The balance is contributed by the Organized retail sector, which is still in nascent stage but growing steadily since last decade.

The first retailers in India include Bata, Pantaloon, Bombay Dyeing, Spencers, Nilgiris. The current retail scenario is controlled by the likes of Shoppers' Stop, Branded Outlets, Big Bazaars and the likes.

The difference between the organized and unorganized retail sectors in US and some of the Far East Asian countries are pretty low unlike in India. With the advent of some big players in the field of retail in India, the gap is likely to be reduced in the coming years. The difference between them is 85:15 in favor of the organized sector in US and 81:19 in Taiwan.

### 1.5. Types of Retail Outlets

The retail set up can be classified in two different types. One the store based and the other non-store based. The store based can be classified further into Product, Price, Ownership and Service based outlets whilst the Non-store based retail outlets would consist of On-line, Direct, Catalogue and the TV retail.

Product based retail outlets would consist General Merchandise, Food retailing, Services Retail and Food Service Retailing. The examples of price based retail outlets are; Factory outlets, single price outlets, the Dollar Store and the category killers. Ownership based retail outlets would ideally cover the corporate retail outlets, franchises outlets, the independent retail outlets and the co-operative outlets. The service based retail outlets encompass full service, limited service, self service and the vending machines.

### Automated Retail

Automated retail is the category of self-service, standalone kiosks in heavily trafficked establishments such as airports, malls and resorts.

### Big Box Store

A big-box store (also supercenter, superstore, or megastore) is a physically large retail establishment, usually part of a chain. The term sometimes also refers, by extension, to the company that operates the store. The store may sell general dry goods in which case it is a department store, or may be limited to a particular specialty (such establishments are often called "category killers") or may also sell groceries, in which case some countries use the term hypermarket.

### Cash-and-Carry format

A store where customers pay cash for the goods they purchase and carry them away themselves (the retailer does not offer delivery service). Mostly these are wholesale stores wherein buyer has to purchase worth certain minimum specified amount.

E.g. Metro Cash & Carry

### Category Killer or Category Specialist

A product, service, brand or company that has such a distinct sustainable competitive advantage (range/price) that competing firms find it almost impossible to operate profitably in that industry (or in the same catchment area). You think of the category & it's in mind.

E.g. Toysrus, Best buy, Vijay Sales, Croma

### Convenience Store

These stores are located at convenient locations like fuel stations, residential areas and are open

for longer durations through the day. Stocks products which are used in high frequency but the range is restricted. Fast movers are kept & price is not a driving factor. Small supermarkets & small stores in retail chains which are conveniently located for customers can be called Convenience stores.

E.g. Local Kirana (Grocery) stores, 7-Eleven.

### Department Store

It represents retail outlets that stock a wide variety of merchandise that is organized into separate departments for the purpose of promotion, service & control. The products range from apparel, toiletries, cosmetics, toys, footwear, watches & jewellery to appliances & furniture.

### Discount Store

Discount Retail can be broadly defined as a retail format where 60% to 70% of the merchandise is sold at a sharp discount. Usually they carry small range of products.

E.g. Subhiksha, wholesale grocery stores

### E-Retailer

It is a form of electronic commerce whereby consumers directly buy goods or services from a seller over the Internet without an intermediary service. An online shop, e-shop, e-store, internet shop, web-shop, web-store, online store, or virtual store evokes the physical analogy of buying products or services at a bricks-and-mortar retailer or shopping centre.

### General Store

A general store, general merchandise store carries a general line of merchandise. It carries a broad selection of merchandise, sometimes in a small space, where people from the town and surrounding rural areas come to purchase all their general goods. The store carries routine stock and obtains special orders from warehouses.

### Hypermarket

A very large retail format that offers low prices & stocks all food & non-food products of personal & household needs under one roof. Hypermarkets typically hold more than 25000 SKUs.

These are Destinations, located at non-prime locations, outskirts of major towns & cities.

Value Proposition - Diverse offerings & high quality products & services at prices which may be 10-20% lower than supermarkets & department stores. These are monthly destination stores.

E.g. Wal-mart, Carrefour, Hypercity, Big Bazaar, Star India Bazaar

### Kiosk

Kiosks are located in malls, multiplexes, railway stations and airports where space is at a premium and mostly engage in selling consumer goods like edibles and snacks, newspapers and magazines, fashion accessories stores and entertainment. Kiosks are also put-up for special promotions & marketing activities.

### Mall

A large retail complex containing a variety of stores and often restaurants and other business establishments housed in a series of connected or adjacent buildings or in a single large building.

### Mom-and-Pop Store

**A store that is small and operated by people who appear to be members of a family. Most traditional grocery stores & general stores are of this type.**

### Retail Chain

Chain stores are retail outlets that share a brand and central management, and usually have standardized business methods and practices. These characteristics also apply to chain restaurants and some service-oriented chain businesses.

### Specialty Store

Small stores which specialize in a specific range of merchandise and related items. Most stores have an extensive depth of stock in the products that they specialize in and provide high levels of service and expertise.

E.g. Spinach(for F&V), Nature's basket, My Dollar store.

### Supermarket

These are normally low cost, low-margin, high volumes, self service stores which offer a wide range of food, laundry & household articles. Catchment for such store is considered approximately 1-1.5 km.

Located in town centre or neighborhood locations.

Value Proposition - Variety, quality & service. One-stop family shop; having everything that goes in a basket on a monthly basis.

E.g. Food Bazaar, D-Mart

### Vending Machine

A machine which dispenses items such as snacks, beverages, alcohol, cigarettes, lottery tickets, consumer products and even gold and gems to customers automatically, after the customer inserts currency or card into the machine.

## **1.6. Types of Retail Products**

- ✓ Books, Music & Gifts
- ✓ Clothing, Textile & Fashion Accessories
- ✓ Consumer Durables, Home Appliances/ equipments
- ✓ Entertainment
- ✓ Food & Grocery
- ✓ Footwear
- ✓ Furnishings, Utensils, Furniture- Home & Office
- ✓ Health & Beauty Care Services
- ✓ Jewellery
- ✓ Out-of-Home Food Services
- ✓ Pharmaceuticals pupils
- ✓ Watches



### 1.7. Transfer Mechanisms

There are several ways in which consumers can receive goods from a retailer.

#### Counter Service

Where goods are out of reach of buyers and must be obtained from the seller. This type of retail is common for small expensive items (e.g. jewelry) and controlled items like medicine and liquor.

#### Delivery

Commonly called as Home-Delivery, where goods are shipped directly to consumer's homes or workplaces

#### Door-to-door Sales

Where the salesperson travels door-to-door with the goods for sale

#### Self-Service

Where goods can be handled and examined prior to purchase. E.g. ATMs, Buffet style restaurant, Self service fuel station, Vending machines.

### 1.8. Retail Strategy

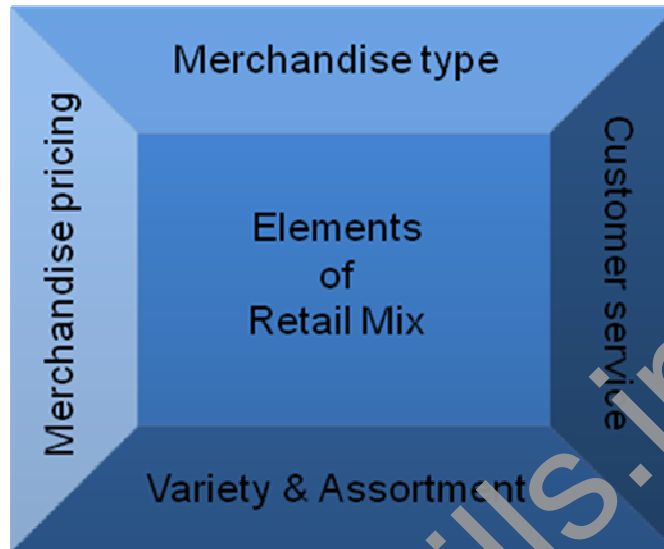
Retail strategy is the overall plan guiding a retail firm. It influences the firm's business activities & its response to market forces, such as competition & economy. Top management of the organization frames the overall strategy for the retail business. It identifies the Retail Mix for the retailer.

#### Steps in strategic planning:

- ✓ Define the type of business in terms of the goods or services & company's specific orientation.
- ✓ Set long-run & short-run objectives for sales & profit, market share, image etc.
- ✓ Determine the customer market to target on the basis of its characteristics (like gender & income level) & needs (like product & brand preferences).
- ✓ Devise an overall, long-run plan that gives general direction to the firms & its employees.
- ✓ Implement an integrated strategy that combines factors like store location, transportation, product variety, pricing and advertising & display to achieve objectives.
- ✓ Regularly evaluate performance & correct weaknesses or problems when observed.

## 1.9. Retail Mix

The strategic planning by the top management derives the Retail-mix of the firm. Retail-mix is the combination of overall set of offerings by the retailer. The basic characteristic of a retailer are determined by its Retail Mix. Following are the elements of Retail-mix.



### Type of merchandise sold

The type of merchandise offered should be in line with the target market.

Based on the type of merchandise offered, retailers can be of the following types:

- ✓ Apparel and accessories
- ✓ Auto dealer, Gas stations
- ✓ Building material / hardware store
- ✓ Drug stores
- ✓ Food stores
- ✓ Fuel dealers
- ✓ General merchandise
- ✓ Home furniture and furnishings
- ✓ Liquor stores
- ✓ Miscellaneous stores
- ✓ Service retailers like restaurants, car dealers

But the degree to which retailers compete with each other isn't simply based on the similarity of the merchandise. The variety and assortment of merchandise they offer and the service provided also determines the competition.

### Variety and Assortment

Variety denotes the breadth of the merchandise carried by the retailer, while assortment is the depth of merchandise. Variety refers to the number of merchandise categories offered by

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- Certified Commercial Banker
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- Certified Foreign Exchange Professional
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- Certified Merger and Acquisition Analyst
- Certified Tally 9.0 Professional
- Certified Treasury Markets Professional
- Certified Wealth Manager

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### ► Hospitality

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- Certified HR Staffing Manager
- Certified Human Resources Manager
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- Certified Basic Network Support Professional
- Certified Business Intelligence Professional
- Certified C# Professional
- Certified CAD Professional
- Certified Cloud Computing Professional
- Certified Computer Fundamentals (MS Office) Professional
- Certified Core Java Developer
- Certified CSS Designer
- Certified Data Mining and Warehousing Professional
- Certified DHTML & Javascript Developer
- Certified Django Developer
- Certified DTP operator
- Certified E-commerce Professional
- Certified E-Governance Professional
- Certified Enterprise Applications Integration Specialist (Biztalk)
- Certified Ethical Hacking and Security Professional
- Certified Facebook Apps Developer
- Certified Grid Computing Professional
- Certified Hadoop and Mapreduce Professional
- Certified HTML Designer
- Certified HTML5 Developer
- Certified iPhone Apps Developer
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- Certified J2ME Programmer
- Certified Joomla Developer
- Certified Linux Administrator
- Certified Magento Professional
- Certified MySQL DB Administrator
- Certified Network Security Professional
- Certified Open Source CMS (Drupal) Professional
- Certified PHP Professional
- Certified PL/SQL Developer
- Certified Python Professional
- Certified Router Support Professional
- Certified Selenium Professional
- Certified SEO Professional
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- Certified Software Security Professional
- Certified Software Testing Professional
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- Certified WiMax(4G) Professional
- Certified Wordpress Developer
- Certified XML Developer

### ► Sales, BPO

- Certified Telesales Executive

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